Attachment 9. Program Preferences

Acronyms

AFY	Acre-Feet per Year
AFA	American Viticultural Area
BMP	Best Management Practice
CSA	County Service Area
DAC	Disadvantaged Community
IRWM	Integrated Regional Water Managment
NRCS	National Resource Conservation Service
SLO	San Luis Obispo
SMCSD	San Miguel Community Services District
SWP	Statewide Priorites
TMDL	Total Maximum Daily Load
UCCE	U.C. Cooperative Extension

Chapter 1. PROGRAM PREFERENCES

INTRODUCTION TO SLO PROPOSAL AND PROJECTS

The San Luis Obispo Regional Integrated Water Management Proposal (SLO Proposal) was developed with the Program Preferences in mind. The Program Preferences were given special attention by local stakeholders, as they relate to integrated water management objectives defined in the California Water Code and implementing legislation of the State. With a high degree of certainty, the multi-beneficial strategies of the SLO Proposal will achieve the results desired by the goals of the Program Preferences as described below. Project strategies were developed through the San Luis Obispo IRWM Region (Region) planning process in an attempt to integrate the regional needs and to address applicable State Program Preferences.

The six projects in the SLO Proposal have been selected based upon meeting implementation requirements, achieving one or more IRWM Plan goals and objectives, need, benefit to disadvantaged communities and stakeholder consensus. The six projects are:

1. City of Paso Robles Nacimiento Water Treatment Plant
2. Attiyeh Ranch Conservation Easement
3. Livestock & Land Program
4. Shandon State Water Turnout
5. San Miguel Community Services District Critical Water System Improvements (DAC)
6. San Simeon Supplemental Water Feasibility Study and Design Project (DAC)

The discussion below demonstrates how the SLO Proposal meets the Program Preferences, documents the certainty that the SLO Proposal will meet the Program Preferences, and describes the breadth and magnitude to which the Program Preferences will be met.

Include regional projects or programs

Development of the SLO Proposal was a collaborative process with stakeholders representing a wide range of interests. The stakeholders considered the Region's needs and IRWM Plan objectives to identify a suite of projects critical to the regional water resource management efforts. Most of the projects included in the SLO Proposal deliver broad benefits across the Region. However, the Livestock and Land Program best demonstrates the benefits of regional program implementation. This project furthers a comprehensive regional watershed approach to resource management by bringing together a variety of people working on water quality issues throughout the county including landowners, business owners and interested citizens.

Figure 1-1. ***Map of Central Coast areas with fecal coliform concerns***

Agriculture is a driving economic force in San Luis Obispo County. The *Census of Agriculture, Vol. 1 (2007)*[1] estimates that San Luis Obispo County has 940 horse farms with 8,816 horses and 726 ranches with 56,830 cattle. These numbers have likely grown, with the *2011 Crop Report* [2] put out by the San Luis Obispo County (County) Ag Commissioner's office estimating 81,000 cattle. More recent numbers for horses are not available. Unfortunately, twenty one (21) surface waterbodies in the Region are listed on the 303d listing for target pollutants related to livestock operations. Achieving water quality goals and protecting beneficial uses of these water supply resources is critical to the entire Region.

The Coastal San Luis and Upper Salinas Las Tablas Resource Conservation Districts (Conservation Districts) are implementing The Livestock and Land Program to address natural resource concerns faced by livestock owners. The program includes providing education, technical assistance and cost share for implementation of best management practice (BMPs) measures. Water quality improvements will be achieved by giving livestock owners the tools to complete water quality site assessments and to implement BMPs near listed waterways. The behavioral and management practice changes achieved by this program will provide immediate and lasting water quality and watershed improvements by reducing the off-site mobilization of manure, urine and sediments from livestock facilities. The program will make significant progress toward watershed goals listed in Total Maximum Daily Loads (TMDLs) and watershed plans.

In implementation, project design and water quality site planning activities are highly collaborative. The Conservation Districts' technical experts include National Resource Conservation Service (NRCS), U.C. Cooperative Extension (UCCE), County, Conservation Districts and other local specialists who assist landowners to conquer site-specific erosion and manure management challenges. The Conservation Districts prioritize activities identified in local and regional watershed management plans (i.e. TMDL and 303(d) listings [3]) thus increasing coordination among all stakeholders within each targeted watershed. Because the program will operate on a region wide basis, solutions will be promoted and prioritized for site implementation that has wider watershed benefits.

Effectively integrate water management programs and projects within a hydrologic region or other region identified by DWR

With cyclical droughts, declining groundwater levels, degradation of surface and groundwater quality, and the limited availability of surface water supplies, it is important for stakeholders in the Region to effectively manage available water resources. The focus on this orchestrated water resource management allows the region to better protect the public health and safety, maintain viable ecosystems, improve water resources availability through optimization of supply sources, and improve surface and ground water quality to ensure its usability for generations to come.

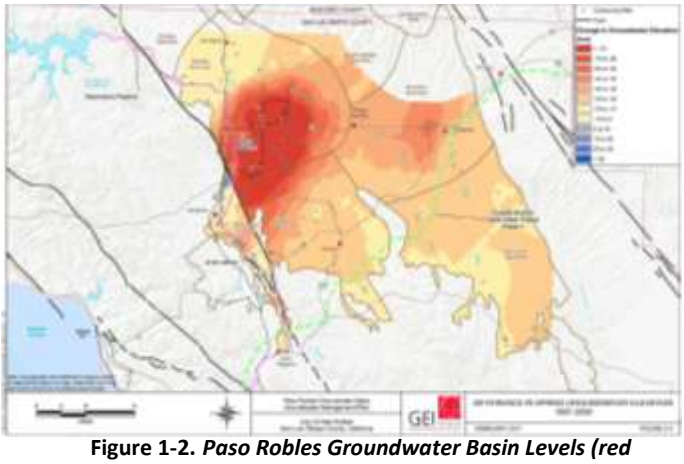

Figure 1-2. ***Paso Robles Groundwater Basin Levels (red indicates most sever declines), 1997-2009***

To that end, the local IRWM Regional Water Management Group and stakeholders recognized the critical need to stabilize the rapidly declining level in Paso Robles Groundwater Basin. The November 2010 County Resource Capacity Study [4] found that the Paso

[1] United States Department of Agriculture. "United States Census of Agriculture, Summary and State Data." 2007.
[2] San Luis Obispo County Department of Agriculture. "Annual Crop Report." 2011.
[3] California State Water Resources Control Board. "California's 2006 Clean Water Act Section 303(d) List of Water Quality Limited Segments." 2006.
[4] San Luis Obispo County. "Resource Capacity Study, Water Supply in the Paso Robles Groundwater Basin." 2010.

Robles Groundwater Basin is at or near the perennial yield of about 97,700 acre-feet per year (AFY) – placing the basin at the most severe/ critical planning designation. Parts of the basin have experienced **declining groundwater levels in excess of 70 feet** over a relatively short period of time: 1997-2009, and those levels continue to drop. Five projects in the SLO Proposal are effectively integrated to help to reduce stress on the basin by bringing in new sources of water, optimizing use of existing entitlements, improving infrastructure related to water supply, and/or protecting water supply sources:

Figure 1-3. Horse Ranch, unincorporated area outside of City of San Luis Obispo

- **City of Paso Robles Nacimiento Water Treatment Plan** – Introduce 2.4 million gallons per day (MGD) of potable water to the City of Paso Robles users, thereby offsetting groundwater use by utilizing the existing, but previously un-used, 4,000 AFY entitlement to Nacimiento Reservoir water.
- **Shandon State Water Turnout** – Access existing State Water allocation of 100 AFY for the community of Shandon, providing increased water supply reliability and relief to the stressed Paso Robles groundwater basin. Thus diversifying its supply so that, when available, State Water can be used in lieu of the groundwater basin, and vice versa – this ability to conjunctively use supplies will allow for periods of groundwater basin recovery, while not creating a dependence on State Water.
- **San Miguel Community Services District Critical Water System Improvements** – Ensure continued reliability of the minimum quantity and improved quality of potable water delivered, augment inadequate water supply system pressure and storage to prevent loss of system integrity and to maintain adequate fire protection flows and replace or rehabilitate water supply wells that have exceeded their useful life. Maintaining infrastructure reliability is critical as this community is solely dependent upon the basin for water supply.
- **Attiyeh Ranch Conservation Easement** – Protect 8,305 acres of lakeside property from future development, thereby protecting the land from excessive runoff consistent with development, and sustained groundwater percolation and retention of water in Nacimiento Reservoir to maintain historical beneficial uses.
- **Livestock & Land Program** – Educate the agricultural community on Best Management Practices to reduce their livestock facilities' negative impact on surface water quality, thereby helping to institute behavioral changes that will lead to improved surface water quality for downstream users.

Effectively resolve significant water-related conflicts within or between regions

All projects are aimed at resolving the overlying rights, appropriative rights, ecosystem needs, and environmental justice conflicts that exist in the basins involved. For the purposes of this Program Preference, discussion will focus on Shandon's project. As described above, the Paso Robles Groundwater Basin (Paso Basin) supplies water for 29 percent of the County's population and 40 percent of the County's agricultural production. Most of the municipal, industrial, commercial, domestic and agricultural entities in the Paso Basin area rely exclusively on groundwater to meet water demands. Shandon currently relies solely on groundwater from the Paso Basin as its only water supply. From 2005 to 2012, County of San Luis Obispo's County Service Area No. 16's (CSA 16's) average yearly water demand, comprised entirely of pumped groundwater, was 149 acre-feet.

Declining basin groundwater levels is a major water supply reliability concern for Shandon, as well as for all users of the basin – agriculture, ecosystems, businesses and residents. Each project represents a step to improving the basin by implementing a project to maintain the basin's health and avoid or at least defer litigation. Relying solely on the Paso Basin also presents the following other reliability concerns:

- Drought impacts on groundwater levels

- Negative water quality impacts resulting from declining groundwater levels
- Well contamination
- Climate change impacts on groundwater levels

However, unique to the Shandon community, declining basin groundwater levels also present potential water rights problems. As currently interpreted, California water rights indicate that overlying groundwater rights are superior to appropriative groundwater rights. Overlying groundwater rights are the rights of a property owner with property located above a common aquifer to reasonable use of that aquifer. CSA 16's groundwater rights are considered appropriative groundwater rights. Thus, if there is not a surplus in the Paso Basin after all reasonable and beneficial overlying rights are satisfied, CSA 16's appropriative groundwater rights could potentially be challenged by entities with overlying groundwater rights. This condition has led to water-related conflicts between groundwater users that will be exacerbated if the basin cannot be brought into balance.

In foresight of some of the above-mentioned water supply concerns, Shandon contracted with the District in 1992 to obtain an allocation of 100 acre-feet per year (AFY) of State Water from the Coastal Branch of the State Water Project. The Shandon State Water Turnout Project will allow CSA 16 to access and distribute its already allocated 100 AFY of State Water. This will enable Shandon to reduce groundwater pumping from the Paso Basin, thus, reducing demands on the basin and protecting the water source for Shandon and all Paso Basin groundwater users. The project will resolve water-related conflicts over the use of the Paso Basin and will also provide Shandon with better water supply reliability.

Contribute to attainment of one or more of the objectives of the CALFED Bay-Delta Program

CALFED's Water Supply Reliability Program is achieved through five program elements: Conveyance, Storage, Environmental Water Account, Water Use Efficiency and Water Transfers. Through partnerships with local and regional agencies, these programs seek to increase water supplies, ensure efficient use of water resources and add flexibility to California's water system.

The Region's Water Supply goal states: "Improve regional water supply reliability and security**, reduce dependence on imported water**, reduce water rights disputes and protect watershed communities from drought with a focus on interagency conjunctive use of regional water resources without unfairly burdening communities, neighborhoods or individuals."

The Region's only imported supply is via the State Water Project, which is supplied by water imported from Northern California via the California Bay-Delta (Delta) and subsequent infrastructure. This SLO Proposal includes the Shandon State Water Turnout Project, a project to connect the water distribution system for CSA16 in Shandon, CA to the State Water Project pipeline. The community deferred building the turnout facilities due to cost when Phase II of the Coastal Branch and other turnouts in the Region were constructed in the 1990s.

The Shandon State Water Turnout Project will allow CSA 16 to access and distribute its existing State Water allocation of 100 acre-feet per year to the community of Shandon. The ability to conjunctively use import supplies to allow for periods of groundwater basin recovery will reduce the dependence on State Water in dry years. This new water supply source will improve regional water supply reliability and security by reducing pumping from the Paso Robles Groundwater Basin, which has reached its safe yield and whose water levels have been declining significantly. It will also diversify Shandon's water portfolio so that it has a source other than groundwater, which is susceptible to drought impacts, declining water levels and well water quality contamination. Consistent with the IRWM Plan water supply goal, connecting Shandon to the State Water system will diversify its supply so that, when available, State Water can be used in lieu of the groundwater basin, and vice versa. Thereby, increasing water supply reliability while reducing dependence on any one source of water.

Address critical water supply or water quality needs of DACs within the region

The Region recognized several critical local water resources needs, including the need to help address critical water supply and quality needs in two local disadvantaged communities (DACs): San Simeon and San Miguel. DACs by their

very nature of being low-income areas have more difficultly funding and making resources available to identify alternatives to meet critical water supply and quality needs and to implement solutions to address those needs.

The community of San Miguel is solely dependent upon groundwater and **deficient water system infrastructure**. The majority of San Miguel's residents are low-income households, meeting the criteria as a DAC by having incomes of $42,176, well below the State's DAC threshold of $48,706. The community needs to implement projects included in this SLO Proposal in the immediate future or they face continued deterioration of an already deficient water system and may not be able to support even limited beneficial growth with the identified deficiencies that face the community's water system. This grant application is seeking funding for six of the highest priority, critical water supply projects for the San Miguel Community Services District (SMCSD):

1. **New Fire Hydrants and Wharf Head Replacements** – Thirteen (13) new fire hydrants to replace inadequate and aging hydrants.
2. **Well 3 Rehabilitation** – Upgrade 40 year old Well 3: well motor housing, disinfection system, electrical wiring, backup power generation and protective structural building.
3. **New Water Well Siting Study** – Respond to the urgent need to replace San Lawrence Terrace Well, taken out of service due to high arsenic concentrations, and provide water supply redundancy in the event of an emergency shutdown of any three existing wells.
4. **Emergency Backup Power** – Equip Well 3 and Well 4 with power generators in the event of power failures to maintain a minimum supply of water during widespread power outages.
5. **New Water Storage Tank** – Construct the water storage tank with 0.25 million gallons for capacity and water quality improvements, improving reliability to ensure adequate fire flows.
6. **12th and K Street Water Main Upgrades** – Replace old and undersized piping at 12th Street and K Street.

The SMCSD needs to implement all six of these identified projects in the immediate future, or they will be faced with continued deterioration of an already deficient water system, and may not be able to support even limited beneficial growth with the identified deficiencies that face the SMCSD's water system.

Similar to San Miguel, the coastal community of San Simeon is solely dependent upon one source: the Pico Creek Valley Groundwater Basin – a source that faces overuse and seawater intrusion. Unlike San Miguel, although the community recognizes a need to mitigate these issues, this community lacks the resources to conduct necessary studies to identify the best solution. The SLO Proposal seeks to **address this critical water supply and quality need** by conducting a supplemental water supply feasibility study and design project to increase its safe sustainable water supply. Both projects bring the disadvantaged communities one step closer to revitalizing their well-being.

Effectively integrate water management with land use planning

Figure 1-4. ***Attiyeh Ranch Conservation Easement – Protecting Current Low Intensity Land Use***

All of the projects included in the SLO Proposal considered and integrated land use planning into the project development. However, the Attiyeh Ranch Conservation Easement best demonstrates the effective integration of water management with land use planning. The project calls for the protection of 8,305 acres of lakeside property from future development, thereby protecting the land from excessive runoff consistent with development, and sustaining groundwater percolation and retention of water in Nacimiento Reservoir to maintain historical beneficial uses. Regional stakeholders see the protection and enhancement of vital ecosystems as an elemental component of local resource management.

The Attiyeh Ranch is a highly desirable area located in the rural Adelaida area that has a significant amount of land on the Nacimiento Reservoir waterfront extending north to Monterey County. The ranch is in threat of future development due to the increase in development of hobby ranches and vineyards that has occurred in the region in the last decade. California's Central Coast is quickly growing as one of the premier areas in the world for vineyards. In San Luis Obispo County, approximately 28,500 acres of new vineyards were established between 1996 and 2004[5]. The Paso

[5] San Luis Obispo County Department of Agriculture. "2004 Annual Crop Report." 2004.

Robles American Viticultural Area (AVA) is the state's fastest growing wine region with over 200 wineries in 614,000 acres[6]. Although the Attiyeh Ranch sits just west of the Paso Robles AVA boundary, the soils and climate conditions on the ranch are significantly similar to conditions of the Paso Robles AVA and development is likely to extend westward over time. A conservation easement and associated land use management on the Attiyeh Ranch would protect the ranch from being converted to vineyard operations that exacerbate soil erosion from grape installation on steep slopes.

In addition to the growing popularity of vineyards in the rural Paso Robles and Adelaida area, the region is also a popular recreational area. Nacimiento Reservoir is one of the major recreational attractions on the Central Coast with over 165 miles of shoreline and 5,400 acres of pool surface for boating, swimming, fishing, and general recreation. According to the Nacimiento Area Plan, recreation is the most important activity in the Nacimiento Planning Area, with Lake Nacimiento providing a recreational resource. Additionally, significant scenic impacts could occur along the lake and upstream should a maximum build-out scenario be realized on the Attiyeh Ranch. The conservation easement would protect the valuable scenic open space resources and allow the public to enjoy the property with docent-led hikes held periodically throughout the year. If developed, future landowners may not be amiable to public access on the ranch and may deny public access. This would limit the amount of access to open space surrounding Nacimiento Reservoir. The protection of open space enhances the recreational resources surrounding Nacimiento Reservoir and protects habitat for numerous wildlife species.

The Attiyeh Ranch contains significant water resources in addition to its upland resources. Should the Attiyeh Ranch be converted from open space and low-density rangeland to more intensive land uses, the water quality in local streams and the reservoir could be degraded. When an existing land use is converted to a more intensive use, runoff patterns are altered, soil conditions change that affect rates of infiltration, and vegetation types and densities are altered. This process, known as hydromodification, has been shown to result in significant changes in runoff timing and volume and affects the patterns and rates of erosion.

The impacts of hydromodification would affect two key water resource areas: water quality and water supply. One of the most striking and well-studied impacts of hydromodification are the pronounced increases in runoff, and the efficiency with which that runoff reaches stream channels. When the increased runoff reaches the network of stream channels it can have a pronounced effect on channel stability. Although the impacts are site and landscape dependent, hydromodification effects on channel stability can result in gully formation, an increase in bank erosion, headcut initiation and migration, and headward expansion of the channel network. Downstream effects can include aggradation, impacts to aquatic and riparian communities, and degraded water quality.

Given the physical setting of Attiyeh Ranch, the most likely land use changes that would be expected to occur if the property remains unprotected include: conversion to a more intensive cattle grazing regime, conversion to vineyard, or parcel-specific development of ranchettes and hobby farms. Based on the well-understood effects associated with hydromodification, these types of land use conversions would results in less soil infiltration, higher peak runoff events in the winter months, and higher erosion rates from the affected watersheds. Increased runoff and sedimentation from the Attiyeh Ranch would have a direct impact to the Nacimiento Reservoir, located downstream from the ranch. Nacimiento is first and foremost a water supply reservoir. Winter high flows are stored in winter for use in the summer when it is needed for groundwater recharge, direct agricultural use, and municipal supplies. With increased development, water infiltration into the soil decreases creating runoff events associated with precipitation. With greater open space and natural areas, water can infiltrate into the soil during rain events, avoiding water runoff and allowing the water to slowly recharge waterways throughout the year. If additional water is added to the reservoir in the winter when the reservoir is full, that water will spill from the reservoir and be lost for later use.

The Attiyeh Ranch Conservation Easement demonstrates the multiple benefits delivered through the integration of land use planning with water management.

For Eligible SWFM Funding

[6] Central Coast American Viticulture Area. "Paso Robles Wine Country." http://www.pasowine.com/pasorobles/geography.php. 2012.

The SLO Proposal does not include a stormwater or flood management project; therefore, Program Preference number 7 will not be addressed.

Address Statewide Priorities (SWP)

Discussion below indicates how the SLO Proposal addresses applicable Statewide priorities as described in the Proposition 84 guidelines.

SWP 1. Drought Preparedness

Projects noted in the table below help to achieve the Statewide Priority for the Drought Preparedness criteria. For the purposes of this Program Preference, discussion will focus on the City of Paso Robles Nacimiento Water Treatment Plant and the Shandon State Water Turnout project – both recommended by the IRWM Plan and Paso Robles Groundwater Management Plan.

Table PP8-1. Overview of SLO Proposal's Consideration of Drought Preparedness

Criteria	Nacimiento	Shandon	San Miguel	San Simeon
Conjunctive Use	X	X		
Reuse and Recycling				X
Groundwater Management	X	X	X	
System Interties		X		

The City of Paso Robles Nacimiento Water Treatment Plant will provide access to the city's existing entitlement of 4,000 AFY by intertying to the existing regional pipeline from Nacimiento Reservoir, treating the raw water, and distributing the treated water for use by the City of Paso Robles. This project will reduce the City of Paso Robles's use of groundwater from the stressed Paso Robles Groundwater Basin and will expand its water portfolio options. This conjunctive use of Nacimiento raw water and groundwater will improve the City of Paso Robles's groundwater management abilities and will provide the City of Paso Robles with improved capacity to withstand drought scenarios.

The Shandon State Water Turnout Project will construct a new surface water turnout (or intertie) structure to deliver State Water Project water providing 100 AFY of critical water supply to the community of Shandon. Connecting Shandon to the State Water system will diversify its supply so that, when available, State Water can be used in lieu of the groundwater basin, and vice versa. The ability to conjunctively use supplies to allow for periods of groundwater basin recovery will reduce the dependence on State Water alone. This will reduce groundwater pumping and provide in-lieu recharge within the stressed Paso Robles Groundwater Basin. This decreases groundwater pumping and increases groundwater elevations, expanding the community's water portfolio and reducing dependence on either State Water or groundwater. Both projects benefit all groundwater users within the basin by decreasing groundwater pumping and increasing groundwater elevations.

Figure 1-5. ***Aerial view of Paso Robles Groundwater Basin and Nacimiento River.***

SWP2. Use and Reuse Water More Efficiently

Projects noted in the table below help to achieve the Statewide Priority for Water Use and Reuse Efficiency criteria. For the purposes of this Program Preference, discussion will focus on the San Simeon Supplemental Water Feasibility Study and Design Project.

Table PP8-2. Overview of SLO Proposal's Consideration of Drought Preparedness.

Criteria	Nacimiento	Attiyeh	Shandon	San Simeon
Recycling				X
Stormwater Management		X		
Delta Reliability	X		X	

The San Simeon Community Services District (SSCSD) is pursuing a feasibility study and design of a supplemental water supply project to increase water supply resources to the small disadvantaged community (DAC) of San Simeon - the San Simeon Supplemental Water Feasibility Study and Design Project. The project scope is tailored to assist San Simeon in bringing their critical supplemental water supply needs to the point where financing can be pursued for actual construction. The primary technical goal of this Project is to find supplemental water supplies, including evaluation of potential for water recycling options, to increase SSCSD's safe and sustainable water supplies to average 140 AFY, their existing surface water entitlement. The feasibility study will recommend a comprehensive set of actions designed to supplement the available water supplies while simultaneously reducing salinity intrusion, enhancing drinking water quality and improving groundwater and watershed management. The actions will include a combination of capital improvement projects, long-term groundwater and watershed management activities and initial baseline performance monitoring, including consideration of utilizing recycled water as a method of increasing the community's water supply portfolio. This project will help the community to meet future water demands and increase water supply reliability by identifying and designing an appropriate supplemental water supply project.

SWP 3. Expand Environmental Stewardship

The SLO Proposal includes the Attiyeh Ranch Conservation Easement project that promotes environmental stewardship by protecting land with significant benefit to wildlife and the public. The conservation easement will protect 8,305 acres in perpetuity from future development and will serve to provide opportunities that bond people to the heritage, wonder and bounty of our county's vital lands via docent-led hikes. It will enhance quality of life by preserving landscapes that sustain the Region's water and wildlife.

Attiyeh Ranch contains outstanding habitat for black bear, mountain lion, bobcat, mule deer, golden and bald eagles, prairie falcon, and numerous other species. Streams on the ranch are thought to contain isolated populations of steelhead trout. Oak woodland habitat and the diversity of woodlands on the property is notable, with approximately 2,900 acres of coast live oak woodlands and mixed hardwoods; 1,300 acres of coast live oak with blue oak woodlands; and 430 acres of valley oak woodland and savannah exhibited on the Attiyeh Ranch in San Luis Obispo County alone.

These healthy natural habitats provide critical migration corridors between the Ventana Wilderness to the north, and the Los Padres National Forest to the south. Bridging this gap would address one of only a few areas needed to maintain an open migration corridor from Monterey to Mexico[7].

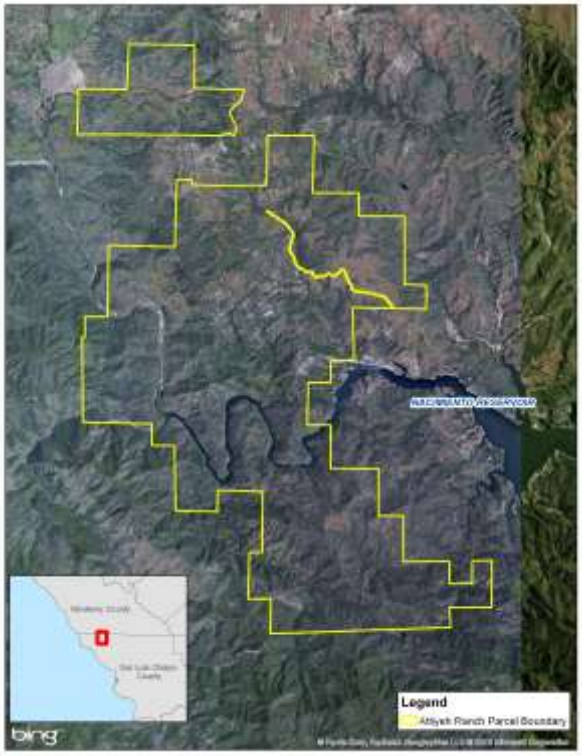

Figure 1-6. ***Attiyeh Ranch Conservation Easement project site proximate to Nacimiento Reservoir***

In addition to the great abundance of upland habitats found on the ranch, it contains numerous aquatic resources as well. In total, there are approximately six (6) miles of the Nacimiento River upstream of Lake Nacimiento, as well as numerous tributaries including two miles of Asbury Creek, one mile of Little Burnett Creek, and half mile of Gould and Gulch House Creeks located on the ranch. The "tail of the dragon" of Lake Nacimiento is located on the Attiyeh Ranch

[7] The California Department of Fish and Wildlife. "California Essential Habitat Connectivity Project, A Strategy for Conserving a Connected California." 2010.

and includes Grizzly Bend and "The Narrows" - areas of the lake which are tremendously scenic and popular for recreational use.

The conservation easement will permanently retire development rights on the ranch, protecting the property from subdivision and land use intensification – as a result, conserving valuable wildlife habitat and migration corridors, preserving open space, enhancing recreational use, and protecting water resources.

SWP 4. Protect Surface Water and Groundwater Quality

The Livestock and Land Program will make significant progress toward surface water quality goals listed in TMDLs and watershed plans. Achieving water quality goals and protecting beneficial uses of water supply resources is critical to the Region. The County's 2012 Master Water Report was developed to summarize regional water conditions, including cyclical droughts, declining groundwater levels, degradation of groundwater quality, and the limited availability of surface water supplies. The report details the importance for all entities in the Region to effectively protect the water quality and beneficial uses of water resources to protect public health and safety, maintain viable ecosystems, avoid seawater intrusion, and allow for sustainable agriculture.

In San Luis Obispo County, the sediment, nutrient and pathogen pollution from livestock facilities have been noted in the following plans:

- Morro Bay Comprehensive Conservation and Management Plan, Action Plans, Agriculture and Grazing[8] (2012-draft)
- Pismo Creek Watershed Management Plan, Recommendations[8] (2009)
- Grazing Lands Management Plans for Monterey County Water Resources Agency land within the Nacimiento and San Antonio River Watersheds[9] (2008)
- San Luis Obispo Creek Watershed Waterway Management Plan, Watershed Management Framework[10] (2003)
- Salinas River Watershed Action Plan[11] (2004)
- Santa Rosa Creek Watershed Management Plan[12] (2012)
- Paso Robles Basin Groundwater Management Plan[13] (2011)

Twenty one (21) surface waterbodies in the project region are listed on the 303(d) listing for target pollutants related to livestock operations.

The Livestock and Land Program will make significant progress toward surface water quality goals listed in TMDLs and watershed plans. Over 12 beneficial uses are identified in the Water Quality Control Plan for the Central Coastal Basin[14] (Basin Plan) for the surface waters in the Region. Some of the critical beneficial uses include municipal and domestic supply, agricultural supply, ground water recharge, freshwater replenishment and wildlife habitat. The program is specifically designed to target watersheds with TMDL listings for sediment, nutrients and pathogens. The program will promote the reduction of nutrient, sediment and pathogen pollution currently impairing these beneficial uses. This will be achieved by implementing BMPs on livestock facilities on or near listed waterways and by giving livestock owners the tools to complete water quality site assessments and implement BMPs on their property now and into the future.

[8] Morro Bay National Estuary Program. "Comprehensive Conservation and Management Plan for the Morro Bay Estuary." 2012 draft.
[9] Nacitone Watersheds Steering Committee and Central Coast Salmon Enhancement, Inc. "San Antonio and Nacimiento Rivers Watershed Management Plan." 2008.
[10] San Luis Obispo Creek Watershed. "Waterway Management Plan, Volume I." 2003.
[11] Central Coast Regional Water Quality Control Board. "Salinas River Watershed Management Action Plan." 2004.
[12] Stillwater Sciences, Central Coast Salmon Enhancement, and Greenspace. "Santa Rosa Creek Watershed Management Plan." 2012.
[13] Paso Robles Groundwater Basin – Groundwater Advisory Committee. "Paso Robles Basin Groundwater Management Plan." 2011.
[14] Regional Water Quality Control Board, Central Coast Region State Water Resources Control Board California Environmental Protection Agency. "Water Quality Control Plan for the Central Coastal Basin." 2011

SWP 5. Ensure Equitable Distribution of Benefits

As described under PP5, the Region recognized several critical local water resources needs, including the need to help address critical water supply and quality needs in two local DACs: San Simeon and San Miguel. DACs by their very nature of being low-income areas have more difficultly funding and making resources available to identify alternatives to meet critical water supply and quality needs and to implement solutions to address those needs. Prioritizing the needs of DACs and facilitating their participation in this funding proposal helps ensure an equitable distribution of benefits.

The community of San Miguel is solely dependent upon groundwater and **deficient water system infrastructure**. The community needs to implement projects included in this SLO Proposal in the immediate future or they face continued deterioration of an already deficient water system and may not be able to support even limited beneficial growth with the identified deficiencies that face the community's water system. This grant application is seeking funding for six of the highest priority, critical water supply projects for the SMCSD, including new Fire Hydrants and Wharf Head Replacements, well rehabilitation, new well siting study , emergency backup power generators, new water storage tank, and water main upgrades. The SMCSD needs to implement all six of these identified projects in the immediate future, or they will be faced with continued deterioration of an already deficient water system.

Similar to San Miguel, the coastal community of San Simeon is solely dependent upon one source: the Pico Creek Valley Groundwater Basin – a source that faces overuse and seawater intrusion. Unlike San Miguel, although the community recognizes a need to mitigate these issues, this community lacks the resources to conduct necessary studies to identify the best solution. The SLO Proposal seeks to **address this critical water supply and quality need** by conducting a supplemental water supply feasibility study and design project to increase its safe sustainable water supply.

Chapter 2. SUMMARY CONCLUSION

As described in this attachment, the SLO Proposal's multi-beneficial strategies will achieve the results desired by the goals of the Program Preferences with a high degree of certainty. Development of the SLO Proposal was a collaborative process with multiple stakeholders covering a wide range of interests. The SLO Proposal not only addresses the Region's critical water resource management related needs, but at the same time helps the State in its aim to address overarching goals listed in the Program Preferences.